Uralkali: A Leader in the Global Potash Market

Q3 2013 IFRS Key Figures and Potash Market Update

19 December 2013

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Uralkali Performance Update Q3 2013

Key Figures Overview

(US$ mln)	IFRS Q3 2013	IFRS 9M 2013	IFRS Q3 2012	IFRS 9M 2012
Gross Revenue	856	2,470	1,060	3,294
Net Revenue	697	2,045	886	2,790
Average potash price, FCA, US$				
- Domestic	192	236	228	255
- Export	272	298	373	378
(Mln tonnes)				
Production volume	2.7	7.2	2.6	7.4
Sales volume	2.6	6.8	2.5	7.6
- Domestic	0.5	1.4	0.6	1.6
- Export	2.1	5.4	1.9	6.0

- Financial performance for 9 months 2013 continues to reflect challenging global market conditions
- Q3 witnessed significant improvement in utilization rate – c. 83% reflecting enhanced buyers' sentiment in the context of continued strength in farmer economics
- Close to full capacity utilization since August 2013

Improving market sentiment creates a growth platform for 2014

Capital Structure Update

Balance Sheet and Loan Portfolio

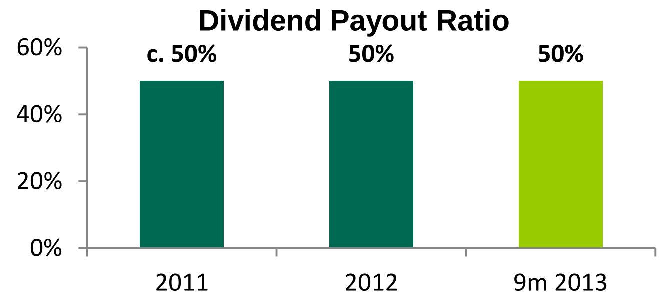
Loan portfolio parameters as of **30 Sep 2013:**

- c.100% of debt exposure is in US Dollars
- Effective interest rate – 3.9%

US$ bn	30 September 2013
Debt (bank loans)	5.8
Cash	2.2
Net debt/(Cash)	4.3

Dividend Policy

- Interim dividends of USD 0.34 per GDR (approved by EGM on 18 Dec'13[1])
- Pay-out ratio: minimum 50% of IFRS net income
- Interim dividends at least twice a year



Buyback Programme

- 13 Nov'12 – 13 Nov'13 completed buyback programme totalling US$1.25 bln[2]
- Average buyback price of $35.05 per GDR
- Shares held as treasury are a subject to subsequent cancellation in 2014

Robust balance sheet allows us to continue to focus on shareholder value via a balanced approach to investing in growth and returning capital

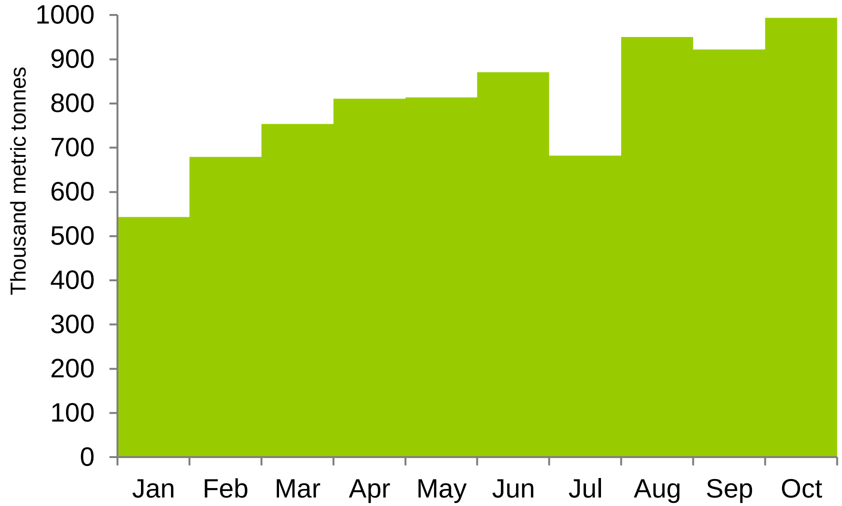
Notes:
1. According to the exchange rate of the Russian Central Bank as of 18 December 2013, USD 1=RUB 32.8646
2. Excluding buyback of shares from Z. Mutsoev

Benefits of a More Flexible Market Posture

The Impact of New Strategy

- Increased market share in key markets in 2H 2013 to-date
- Sharp decline in market share in 1H 2013 when Uralkali was implementing ‘price over volume’ strategy
- Close to full capacity utilization since August 2013
  - Shipments close to 1 million tonnes per month
- Strong growth in key Brazilian and Asian markets
- Continued strength in sales witnessed in 4Q
  - Sales of c.10.0-10.5 million tonnes forecast for full year 2013

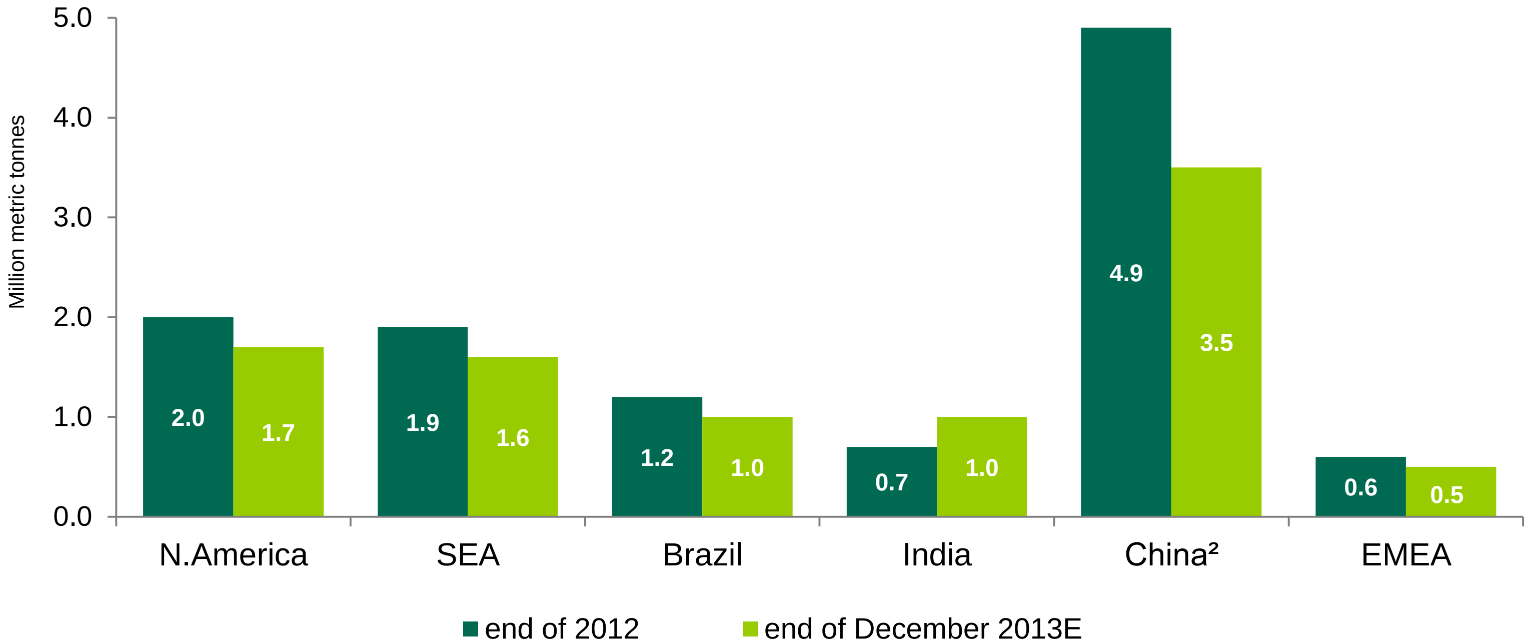
Uralkali’s Shipments Jan-Oct 2013



Source: Uralkali

The adoption of a more flexible strategy will continue to allow Uralkali to maximise its revenues

Global Potash Inventory[1]



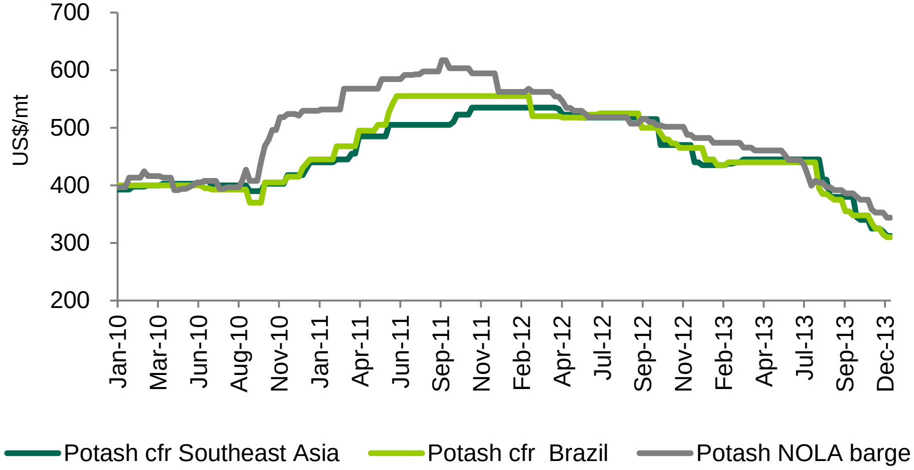
Source: Uralkali's estimations

- Significant draw-down in inventories across 2013, particularly in China, N. America and SE Asia
- Customers expected to rebuild depleted inventories during 1H 2014, providing significant demand impetus

Notes:
1. Inventory doesn't include domestic potash producers' stocks, excl. China
2. Including domestic producers' stocks, port stocks, pile channels stock, NPK warehouse stocks

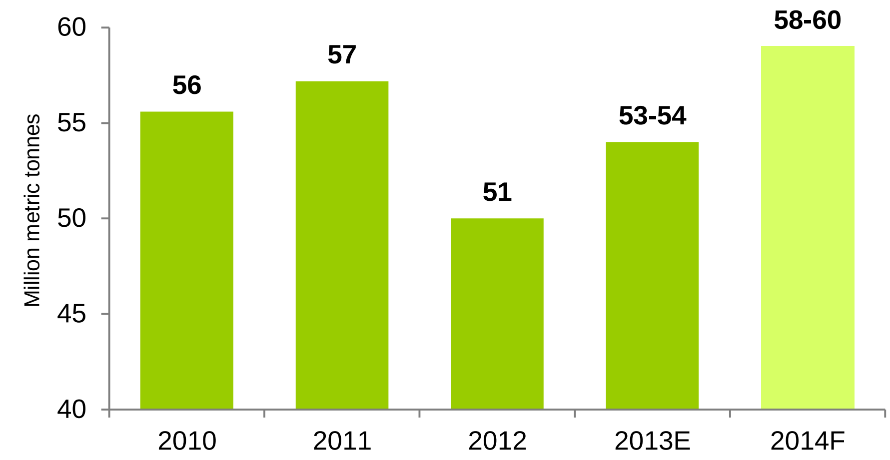
The Industry Recovers From a Disruptive 2H13

Potash Prices are Stabilizing



Source: FMB

Recovery in Potash Demand



Source: IFA, Uralkali's estimates

- Demand momentum has been impacted by customer caution
  - Purchasers expectation of a resetting of prices to a lower level
- Potash prices are stabilizing
- Significant demand impetus set to return in 2014; global demand expected to reach 58-60 million tonnes
  - Demand pickup in key markets of China, India SE Asia and N. America
  - Rebuilding of depleted inventories

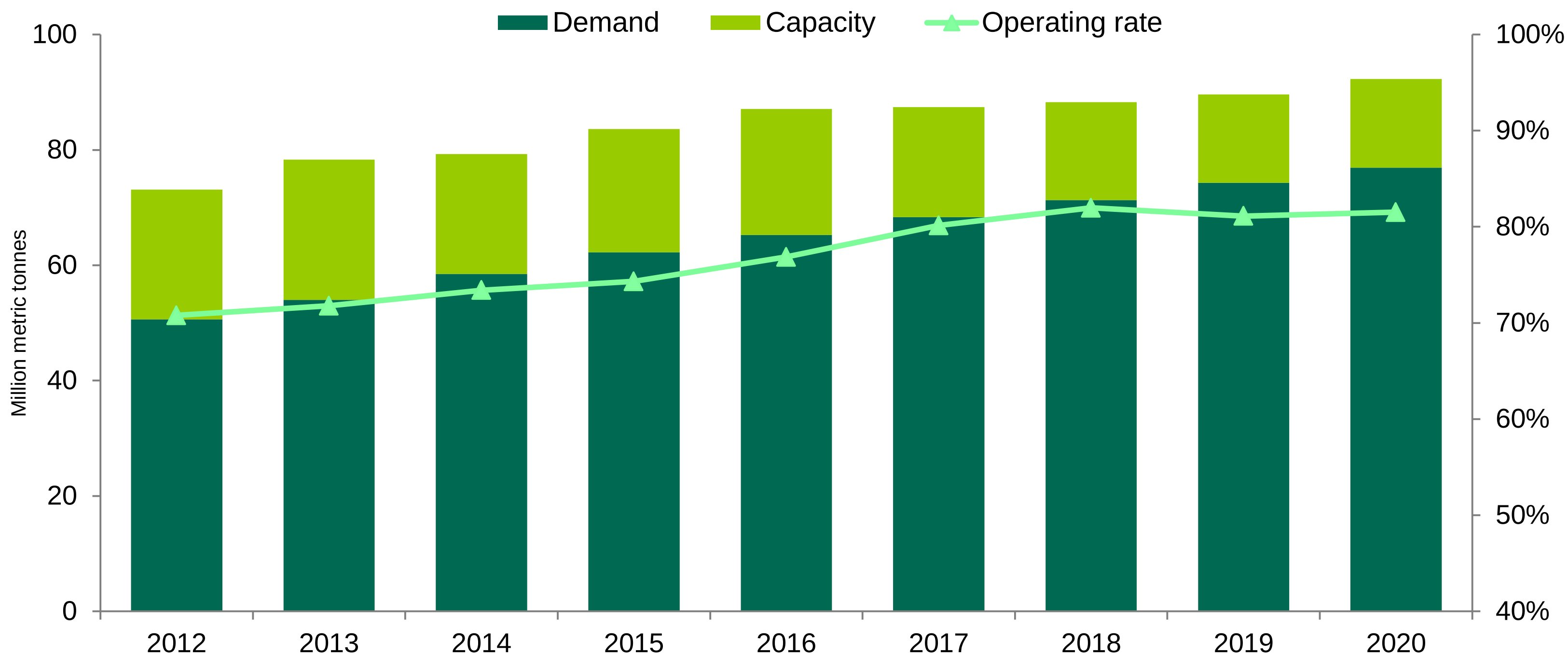
Increased demand momentum supports volume and price recovery in 2014

Potash Markets Update

China	• Demand relatively stable supported by demand from compound fertilizers producers • Local prices remain stable in the range of US$303-305/t cfr[1] • Domestic producers have ceased production and are expected to remain shut for the duration of winter • The contract is expected to be concluded end Dec 2013 or early Q1 2013
India	• Prices holding at approximately US$369/t cfr[1] • Rupee has gained ground in recent months: potash consumption is unlikely to improve significantly in context of budgetary challenges • Deliveries estimated at c. 3.0- 3.2 Mn tonnes in 2013, and c. 3.5-4.0 Mn tonnes in 2014 • New Indian contract negotiations expected to take place April-May 2014
SEA	• Palm oil prices started recovering in Q4 driven by underlying demand and tighter stockpiles • Potash prices are at c. $300–340/t cfr[1] • Palm oil plantation owners are likely to commit to large purchases once China contract has been settled • Uralkali is gaining market share in key markets
Brazil	• Remains most active market with strong demand; expected to import 7.5 million metric tonnes of potash in 2013, slightly above 2012 level • Prices c. US$310-330/t[1]. Inventories are being absorbed and demand likely to stay strong into Q1/14 • Uralkali gained +6% market share (16% vs. 10% last year) in Jan-Oct 2013 compared to Jan-Oct 2012
Europe and USA	• Currently in off-season • In the US, prices range between US$340/t-$350/mt fob (Nola)[1] • In Europe, potash prices are reportedly around €240-265/t cfr[1] • Fall application was rather slow both in Europe and the US due to late harvest and market uncertainty. Very good demand is anticipated in Q1 2014

Notes:
1. FMB
Source: FMB, Customs statistics (import statistics)

The Market to be More Balanced in the Long-Term



Source: CRU, Fertecon, Uralkali's estimates

- Pricing weakness witnessed in 2013 is expected to cause the vast majority of greenfield potash projects to be shelved for the time being
- The timing of completion of brownfield projects is likely to be highly sensitive to market conditions as well as price recovery and industry profits
- Without meaningful greenfield additions, the potash market should be tighter toward the end of the decade

Utilisation rates across the sector expected to see sustained growth

Conclusions

- More flexible strategy focused on revenue maximization strategy has enabled Uralkali to regain much of the market share lost
- 2013 global potash shipments were negatively impacted by recent pricing volatility, associated customer caution, erratic buying patterns in India, and absence of China contract
- Rebound in demand is expected, once China contract price has been established, to provide support for a market rebound
- In the long run, the potash supply-demand balance is set to become more balanced, as lower potash prices are expected to disincentivise potential market players from pushing forward with greenfield expansion plans
- Longer term fundamentals of the industry remain attractive